



**Testimony of**  
**Wendy Block, Michigan Chamber of Commerce**  
**Delaney Newberry, Michigan Manufacturers Association**  
**David Jessup, Small Business Association of Michigan**  
**House Health Policy Committee**  
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Thank you Madame Chair and members of the committee for allowing us to speak to you today to give you about the perspective of the business community on Senate Bills 540 and 541 and House Bills 5132 and 5133.

My name is Delaney Newberry and I am Director of Human Resource Policy for the Michigan Manufacturers Association. MMA represents about 2,500 members that operate in the full spectrum of manufacturing industries, ranging from small manufacturers to some of the world's largest corporations. Manufacturing continues to be the largest sector of our economy, directly employing over 500,000 Michigan residents.

Good morning madam chair and members. My name is Dave Jessup and I serve as the Director of Government Relations for the Small Business Association of Michigan. SBAM represents a diverse membership of over 13,500 small businesses statewide. I appreciate the opportunity to come before you today to present a small business perspective on this package of bills.

Good morning. My name is Wendy Block and I am the Director of Health Policy and Human Resources for the Michigan Chamber of Commerce. The Michigan Chamber is a statewide business association, representing over 6,800 job providers in all 83 counties of the state. We represent job providers of every size in type and, collectively, our member businesses provide jobs to 1.8 million Michigan residents.

*Delaney Newberry*

On behalf of job providers in Michigan, we are here to speak in opposition to the legislation before you because the bills will ultimately make health care in Michigan less accessible and less affordable. To begin, I'd like to speak about one of the most concerning aspects of this legislation and that is the cost-shift to employers and an overall increase in healthcare premiums at a time when job-providers are already facing sky-rocketing health insurance costs.

In recent years, many of our members have experienced rate increases in excess of 30- to 40-percent due to medical inflation and the new federal health care law. Additionally, just this year the new Health Insurance Claims Act (HICA) tax added 1% of all claims paid to the cost of employer-provided health care in Michigan. These additional costs come as deadlines for the implementation of Federal health care

reform loom, creating uncertainty for manufacturing employers. The 2011 annual Manufacturing Survey indicates 80 percent of members are “Concerned” or “Extremely Concerned” with the cost of healthcare. So MMA reviews very closely any legislative proposals that may impact the cost of healthcare for manufacturers.

Pharmaceutical drugs make up a significant portion of the cost of health care coverage and high-cost specialty drugs make up a fast-growing component of health care costs. SB 540 and 541 and HB 5132 and 5133 would impose limits on how health plans administer benefits for oral chemotherapy drugs and intravenous chemotherapy medications. As previous speakers have indicated, all health plans in the state of Michigan already cover these drugs, typically under the Tier 2 pharmacy benefit. The limitations included in the legislation on the enrollee cost-sharing requirement portion of the drug cost do nothing to change the cost of the drug itself – they simply shift a larger portion of the cost to the employers’ premium.

Information that has been presented by insurance carriers has been clear. There are very different costs associated with IV chemotherapy and oral chemotherapy drugs. So to our members, this is a clear example of government price controls. The bills do not impact the underlying price of the drug; that cost doesn’t evaporate. What we have is a government mandated shift in the responsibility for carrying the burden of the cost to the employer.

Another important consideration in this legislation is the fact that the impact of mandates is not felt equally among all businesses. I’d like to hand it over to Dave Jessup to talk a little bit about how mandates impact small businesses and the relationship that we’ve seen between rising healthcare costs and the drop in employer-sponsored health insurance.

*Dave Jessup*

SBAM stands opposed to House Bill 5132, 5133 and Senate Bills 540, 541. While SBAM supports measures that help lower costs of care and allow increased access to treatment options generally, we oppose any attempt to accomplish this through an insurance mandate. State enacted insurance mandates are a uniquely small business issue due to the fact that medium to large sized firms generally choose contracts that are governed by the federal regulation and thus able to claim an ERISA exemption from any and all state mandates. This exposes two fundamental flaws inherent to any insurance mandate:

1. At best one-third of the population in need of coverage will go unaffected by coverage under a mandate. Every Michigander with Medicaid and MI Child, every uninsured, every state worker and employee of a company with more than 100 employees will be left behind under this plan.
2. With large self-insured companies exempted, the financial burden exclusively fall on small business owners and individuals and will at a minimum, mean increases in co-premiums, co-pays and deductibles.

Mandates hit small businesses and those purchasing policies on the individual market the hardest. These are the citizens who are most vulnerable to the already rising cost of healthcare and least able to afford the increases in premiums that are will be experienced under mandated coverage. These are small businesses, my members who stand to be the economic engine that is helping to drive Michigan’s economic comeback through entrepreneurship and job creation. Healthcare costs, as Delaney explained

are skyrocketing due to medical inflation and the new federal healthcare program. A cost-shift resulting from an insurance mandate will exacerbate this very troubling trend.

On average our members pay over \$9,000 per year, per employee for health insurance and premium increases are still averaging double digits. Today, the number of Michigan companies with fewer than 50 employees offering health insurance has dipped under 39%, which is down 5.4% in the last two years. Resources are scarce for small business owners, and when faced with mounting health insurance cost, more and more employers are opting not to offer insurance benefits at all. This makes hurts Michigan's economic competitiveness and encumbers talent recruitment, all while sending a signal that will discourage entrepreneurs from choosing Michigan to start their business.

Thanks you for your attention and thoughtful consideration on the important issue. Now I will turn it over to Wendy Block.

*Wendy Block*

I am here this morning to voice the Michigan Chamber's opposition to any new mandated health insurance benefits, including Senate Bills 540 and 541 and House Bills 5132 and 5133, legislation to mandate parity in coverage for oral chemotherapy drugs.

As you've heard from my colleagues in the business community, the cost of this proposal – and any new health insurance mandate for that matter – is our primary concern. We are also opposed to SBs 540-51 and House Bills 5132 and 5133 because, out of principle, we do not believe government should interfere in decisions that are made via contract between insurance companies and pharmaceutical companies, or in the workplace between employers and employees. At the core, we oppose health insurance mandates because we believe employers and employees should decide, free of government interference, what diseases, medical conditions and other benefits to include in their health insurance coverage. Ultimately, they know best what they can afford and what they may or may not want covered. We do not agree that there should be a special exception made for oral chemotherapy drugs.

Governmental intervention in purchasing decisions and contractual agreements is always dangerous. Already this year we have seen two bills reported out of the Senate to add new health insurance mandates to the books – the oral chemo mandate and Senate Bills 414 and 415, an autism spectrum disorder mandate. By opening this Pandora's Box, proponents of various health insurance mandates see clear indications that lawmakers are willing to pick winners and losers in the battle special treatment under Michigan's insurance laws. But where do you draw the line? How do you say "no" to those next in line for special coverage of their state-of-the art drug (i.e., chemotherapy is not the only drug with an oral equivalent) or heart-wrenching diagnosis?

In closing, we ask you to stay focused on the efforts that have already been made this Legislative Session to limit special treatment, encourage choice in the marketplace, reduce governmental interference in the workplace, and eliminate government mandates. We ask that you vote NO on Senate Bills 540 and 541 and House Bills 5132 and 5133 because they run contrary to the progress that has been made along these lines. We urge you stay focused on less government control, not more, and less top-down mandates, not government price controls or interference in private contracts.

Thank you for your time this morning. We'd be happy to answer any questions that you may have.